

Commonwealth of Massachusetts  
Department of Telecommunications and Energy  
Fitchburg Gas and Electric Light Company  
Docket Nos. D.T.E. 02-24 and D.T.E. 02-25  
Responses to the Department's Third Set of Information Requests

---

**Request No. DTE 3-4:**

Refer to Exhibit FGE-MHC-7 (Electric) at 4. Please explain the basis for allocating water heater rental program costs on the basis of total sales of \$67,386,945, versus, by way of for example, total distribution revenues.

**Response:**

The Fitchburg Gas and Electric rental program is very similar to that of Mass Electric Company. FG&E allocated costs of these rental programs in accordance with the principles discussed in the Mass. Electric Company order D.P.U. 89-194/195 page 51. In that order, the Department approved use of a revenue allocator with the exception of account 904, uncollectible expense, that will be a direct charge. That order did not discuss the allocation of costs for account 924, property insurance so FG&E determined that gross plant was a reasonable allocation factor to allocate costs between the utility and rental programs

FG&E followed Department precedent by using the total revenue allocator as described in Exh. FGE-MHC-7 (Electric) page 2 of 7.

For example, if FG&E were to use distribution revenue as the basis for allocation, the percent change in the revenue allocator would increase by only 1/1000<sup>th</sup> of 1 percent, from .072% to .073%, which is a diminimus amount.

**Person Responsible:** Mark H. Collin